

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC NIACT IMMEDIATE 5221

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E.O. 11652: N/A

TAGS: BBAK, PINT, HO

SUBJECT: REQUEST BY UNITED BRANDS FOR EMBASSY INTERVENTION

1. I RECEIVED A PHONE CALL FROM WALLACE W. BOOTH, PRESIDENT OF UNITED BRANDS, AT 11:30 A.M. TODAY. HE ASKED FOR OUR ASSISTANCE IN PREVENTING THE ISSUANCE OF AN "EXPROPRIATION DECREE" THAT AFFECTED UNITED BRANDS LANDHOLDINGS. HE TOLD ME THAT HE HAD SENT THE FOLLOWING TELEGRAM IN SPANISH TO CHIEF OF STATE MELGAR:

QUOTE

DEAR GENERAL MELGAR:

I HAVE BEEN INFORMED BY OUR GENERAL MANAGER IN HONDURAS, MR. EDUARDO ARAGON, THAT YESTERDAY HE WAS NOTIFIED BY LIC. ROGOBERTO SANDOVAL, THAT AT NOON TODAY, DECEMBER 9, AN EXPROPRIATION DECREE WOULD BE SIGNED COVERING LANDS OWNED BY TELA RAILROAD AND NOT CULTIVATED WITH BANANAS OR AFRICAN OIL PALM. THE EFFECT OF THE DECREE WILL CAUSE YOU DAMAGE WITH CORRESPONDING EFFECTS ON THE HONDURAN ECONOMY DUE TO THE PUBLICITY WHICH IT WOULD RECEIVE IN THE UNITED STATES AND OTHER COUNTRIES. IN ADDITION TO THE PUBLICITY, CERTAIN OF THE PROPERTIES AFFECTED WOULD ADVERSELY AFFECT THE PRODUCTION OF BANANAS IN HONDURAS. WE UNDERSTOOD THAT IN ACCORDANCE WITH THE AGRARIAN REFORM LAW, THERE IS A PERIOD OF THREE YEARS FROM ITS EFFECTIVE DATE BEFORE THE PROPERTIES WOULD BE AFFECTED. YOU WILL RECALL IN A CONVERSATION BETWEEN MR. MATHERS AND YOURSELF ON APRIL 7 OF THIS YEAR, AND LATER CONFIRMED BY LETTER OF APRIL 12, WE EXPLAINED THE SITUATION REGARDING OUR LANDS WITH THE HOPE THAT IT WOULD RECEIVE DUE CONSIDERATION. TO DATE, NOTWITHSTANDING OUR EFFORTS, WE HAVE NOT RECEIVED A REPLY TO ANY

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OF OUR PETITIONS, NOR WAS A COMMISSION ACTUALLY APPOINTED.

AS ALWAYS, WE ARE FULLY PREPARED, WHEN YOU SO INDICATE, TO ENTER INTO CONVERSATION WITH YOU, OR A COMMITTEE NAMED BY YOU, REGARDING THE CONTENTS OF OUR LETTER AND THE SITUATION OF OUR LANDS. I REQUEST THAT YOU USE YOUR GOOD OFFICES AND POSTPONE THE SIGNING OF THE EXPROPRIATION DECREE AND GIVE US AN OPPORTUNITY TO DISCUSS THIS MATTER IN PERSON. IN VIEW OF THE URGENCY OF THIS MATTER, I AM MORE THAN WILLING TO GO TO HONDURAS AT THE EARLIEST POSSIBLE TIME, AND I AM ATTEMPTING TO GET THROUGH TO YOU BY TELEPHONE.

(SIGNED) WALLACE W. BOOTH

UNITED BRANDS COMPANY

UNQUOTE

2. THE EXECUTIVE DIRECTOR OF THE AGRARIAN REFORM INSTITUTE, RIGOBERTO SANDOVAL COREA, HELD A PRESS CONFERENCE AT 12:00 A.M. IN WHICH HE ANNOUNCED THE ADOPTION OF TWO RESOLUTIONS PURSUANT TO THE AGRARIAN REFORM DECREE (NO. 170). THE INFORMAL TRANSLATION OF THOSE LENGTHY AND COMPLEX RESOLUTIONS WILL BE SENT ASAP.

3. I HAVE AN APPOINTMENT WITH SANDOVAL TOMORROW MORNING AT 10:00 A.M. AND WILL ASK HIM TO DESCRIBE THE AIMS AND EXTENT OF THE DECREE. I INFORMED BOOTH AT 4:30 P.M. THAT WE HAD COPIES OF THE RESOLUTIONS AND OFFERED TO SUPPLY THEM TO THE UNITED BRANDS REPRESENTATIVE RESIDENT IN HONDURAS, MR. EDUARDO ARAGON. IN ADDITION, I ASKED THAT ARAGON FURNISH US WITH HIS INTERPRETATION OF THE IMPACT OF THE RESOLUTIONS ON THE COMPANY.

4. WE HAVE BEEN ADVISED BY BOOTH AND GENERAL COUNSEL OF UNITED BRANDS THAT A LENGTHY REPORT BY INDEPENDENT AUDITORS IS BEING FILED TOMORROW IN RELATION TO AN OVERALL INVESTIGATION OF UNITED BRANDS CORPORATE AFFAIRS IN COMPLIANCE WITH AN SEC COURT DECREE. THIS WILL BE DISTRIBUTED TO STOCKHOLDERS. WE UNDERSTAND THIS REPORT CONTAINS INFORMATION ABOUT THE UNITED BRANDS BRIBERY SCANDAL IN HONDURAS.
BECKER

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